

4/25/78

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ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

() Release (X) Excise () Deny

Exemption(s):

Declassify: () In Part () In Full

() Classify as () Extend as () Downgrade to

Date Declassify on Reason

AR059

April 25, 1978

Dear Senator Brooke:

I am pleased to reply to your March 29 letter to Mr. Frank Moore of the White House, asking on behalf of [] for information regarding a proposal by Gulf and Western Advanced Development and Engineering Center to export to Argentina small caliber ammunition manufacturing machinery.

On January 17 our Office of Munitions Control informed Gulf and Western that the proposed export would be disapproved as not in furtherance of United States foreign policy. Among the factors taken into consideration was human rights. The human rights situation in Argentina has resulted in a very restrictive arms transfer policy toward that nation, making it impossible to approve the Gulf and Western proposal.

In making this determination we factored into our decision several considerations in addition to the Administration's human rights policies. Section 502(B) of the Foreign Assistance Act of 1961, as amended, was especially relevant. Further, the newly enacted Section 620B of the same statute conveyed the concern of Congress for the situation in Argentina and was a major factor in framing our position.

Gulf and Western appealed the Department's denial on March 6. We are currently reviewing this appeal but favorable action does not appear likely.

We appreciate the hardships which a negative decision imposes on Gulf and Western and its supplier companies and their employees, and we are troubled by the hardships

The Honorable
Edward W. Brooke,
United States Senate.

Lot 81D208
Box4963 (2/12)

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which lost sales represent for them and our economy at large. Nonetheless, we believe the Argentine situation must be a determinant factor in this case.

Sincerely,

Douglas J. Bennet, Jr.
Assistant Secretary
for Congressional Relations

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Enclosures

Correspondence Returned.

Drafted:ARA/ECA:FERondon:bp
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Clearances:ARA/ECA:RWZimmermann
ARA:GLister
H:CCutter
HA:EOJones (substance)
PM/MC:WRobinson (substance).